

# STATE OF COLORADO

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Dedicated to protecting and improving the health and environment of the people of Colorado

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Colorado Department  
of Public Health  
and Environment

## \*\*\*CDPHE-CACFP PROCEDURE MEMO 09-01\*\*\*

**DATE:** March 2009

**TO:** Child Care Institution Representatives

**FROM:** Colorado Department of Public Health and Environment  
Child and Adult Care Food Program (CDPHE-CACFP)

**SUBJECT:** Audit Requirements for For-Profit Institutions

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Federal regulations require the CDPHE-CACFP to institute audit procedures applicable to for-profit subrecipients participating in the CACFP. The State agency has the authority for establishing audit policy for these for-profit institutions with regard to the receipt of Federal funds.

In order to maintain continuity between non-profit and for-profit institutions, the CDPHE-CACFP has used the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as a guide for establishing the audit policies for for-profit institutions.

For-profit institutions that expend \$500,000 or more of total federal awards are required to have an annual organization-wide audit. The organization wide audit must be conducted by a Certified Public Accountant (CPA) in accordance with the Circular A-133 Compliance Supplement for CACFP.

The cost of the audit is an allowable cost to CACFP if the for-profit institution expends \$500,000 or more in Federal funds per year and may be included in the institution's annual budget.

The organization wide audit must be submitted to the CDPHE-CACFP within 9 months after the end of the institutions fiscal year. Failure to submit the required organization wide audit may result in the CDPHE-CACFP instituting the serious deficiency process; suspending payments of claims until the audit is conducted; and/or termination of the contract between the CDPHE-CACFP and the institution.